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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

2008 OCT 21 A 11:55

MIKE GLEASON, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
ARIZONA WATER COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

DOCKET NO. W-01445A-06-0199

IN THE MATTER OF THE APPLICATION OF
PALO VERDE UTILITIES COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

DOCKET NO. SW-03575A-05-0926

IN THE MATTER OF THE APPLICATION OF
SANTA CRUZ WATER COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

DOCKET NO. W-03576A-05-0926

IN THE MATTER OF THE APPLICATION OF
PALO VERDE UTILITIES COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

DOCKET NO. SW-03575A-07-0300

IN THE MATTER OF THE APPLICATION OF
SANTA CRUZ WATER COMPANY FOR AN
EXTENSION OF ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY.

DOCKET NO. W-03576A-07-0300

ARIZONA WATER COMPANY, AN ARIZONA
CORPORATION,

COMPLAINANT,

VS.

GLOBAL WATER RESOURCES, LLC, A
FOREIGN LIMITED LIABILITY COMPANY;
GLOBAL WATER RESOURCES, INC., A
DELAWARE CORPORATION; GLOBAL
WATER MANAGEMENT, LLC, A FOREIGN
LIMITED LIABILITY COMPANY; SANTA
CRUZ WATER COMPANY, LLC, AN ARIZONA
LIMITED LIABILITY CORPORATION; PALO
VERDE UTILITIES COMPANY, LLC, AN
ARIZONA LIMITED LIABILITY
CORPORATION; GLOBAL WATER - SANTA

DOCKET NO. W-01445A-06-0200
DOCKET NO. SW-20445A-06-0200
DOCKET NO. W-20446A-06-0200
DOCKET NO. W-03576A-06-0200
DOCKET NO. SW-03575A-06-0200

Arizona Corporation Commission
DOCKETED

OCT 21 2008

DOCKETED BY

CRUZ WATER COMPANY, AN ARIZONA CORPORATION; GLOBAL WATER – PALO VERDE UTILITIES COMPANY, AN ARIZONA CORPORATION; JOHN AND JANE DOES 1-20; ABC ENTITIES I-XX, RESPONDENTS.

IN THE MATTER OF THE JOINT APPLICATION OF CP WATER COMPANY AND FRANCISCO GRANDE UTILITIES COMPANY TO TRANSFER THEIR CERTIFICATES OF CONVENIENCE AND NECESSITY AND ASSETS TO PALO VERDE UTILITIES COMPANY AND SANTA CRUZ WATER COMPANY.

DOCKET NO. WS-01775A-07-0485
DOCKET NO. SW-03575A-07-0485
DOCKET NO. W-02442A-07-0485
DOCKET NO. W-03576A-07-0485

PROCEDURAL ORDER

BY THE COMMISSION:

On March 29, 2006, Arizona Water Company (“AWC”) filed with the Arizona Corporation Commission (“Commission”) a Complaint in Docket Nos. W-01445A-06-0200, SW-20445A-06-0200, W-20446A-06-0200, W-03576A-06-0200, and SW-03575A-06-0200 (“Complaint Proceeding”) against Global Water Resources, LLC, Global Water Resources, Inc., Global Water Management, LLC, Santa Cruz Water Company, LLC, Palo Verde Utilities Company, LLC, Arizona Global Water – Santa Cruz Water Company and Arizona Global Water – Palo Verde Utilities Company (collectively “Global Water”).

Prior to and during the pending Complaint Proceeding, AWC and various Global Water entities filed applications with the Commission to extend their respective Certificates of Convenience and Necessity (“CC&Ns”) in Pinal County, including applications where the requested CC&N areas overlapped. The CC&N extension applications were filed in Docket Nos. W-03576A-07-0300, W-01445A-06-0199, SW-03575A-05-0926, W-03576A-05-0926, W-03576A-07-0300 and SW-03575A-07-0300 (“Contested CC&N Proceedings”).

On July 17, 2007, AWC filed, in Docket No. W-03576A-07-0300 et. al., a Motion to Consolidate Docket Nos. W-01445A-06-0199, SW-03575A-05-0926, W-03576A-05-0926, W-03576A-07-0300 and SW-03575A-07-0300. By Procedural Order issued December 20, 2007, the Motion to Consolidate was granted.

On August 20, 2007, Francisco Grande Utilities Company (“Francisco Grande”) and CP

1 Water Company ("CP") filed in Docket Nos. WS-011775A-07-0485, SW-03575A-07-0485, W-
2 02442A-07-0485 and W-03576A-07-0485 ("Francisco Grande/CP Water Proceeding") an application
3 requesting approval to transfer their CC&Ns and their assets to Palo Verde Utilities Company ("Palo
4 Verde") and Santa Cruz Water Company ("Santa Cruz").¹

5 On May 16, 2008, AWC and Global docketed a Settlement Agreement in the Complaint
6 Proceeding (Docket No. W-01445A-06-0200 et al.), which purports to resolve the issues in the
7 Complaint Proceeding, the Contested CC&N Proceedings, and the Francisco Grande/CP Water
8 Proceeding.

9 On June 16, 2008, AWC and Global filed a Motion to Consolidate ("Joint Motion"). The
10 Joint Motion requested consolidation of the Complaint Proceeding (Docket Nos. W-01445A-06-
11 0200, SW-20445A-06-0200, W-20446A-06-0200, W-03576A-06-0200, and SW-03575A-06-0200)
12 with the previously consolidated Contested CC&N Proceedings (Docket Nos. W-01445A-06-0199,
13 SW-03575A-05-0926, W-03576A-05-0926, W-03576A-07-0300 and SW-03575A-07-0300), and the
14 Francisco Grande/CP Water Proceeding (Docket Nos. WS-011775A-07-0485, SW-03575A-07-0485,
15 W-02442A-07-0485 and W-03576A-07-0485).

16 The Joint Motion stated that because the various proceedings involve the same issues of fact
17 and law, and because all of the CC&N expansion areas and transfer issues have been resolved in the
18 Settlement Agreement, the matters should be consolidated. The Joint Motion also stated that
19 consolidation of the various proceedings would allow for a consistent ruling resolving the issues in
20 accordance with the Settlement Agreement, and that the Settlement Agreement amends the CC&N
21 application boundaries for a more coherent and unified approach to utility planning in the Pinal
22 County area.

23 On June 24, 2008, Staff filed a response to AWC and Global's Joint Motion to Consolidate,
24 stating Staff did not oppose consolidation.

25 By Procedural Order issued August 5, 2008, the Joint Motion was granted and the above-
26 captioned dockets were consolidated.

27 ¹ In Decision No. 69920 (September 27, 2007), the Commission approved the application to transfer the assets and
28 CC&Ns of Palo Verde Utilities Company and Santa Cruz Water Company to Global Water-Palo Verde Utilities Company
and Global Water- Santa Cruz Water Company, respectively.

On October 9, 2008, a procedural conference was held to discuss possible hearing dates and scheduling of other filing dates for testimony. The parties agreed to a hearing date beginning February 23, 2009. Agreement was also reached on the following filing dates: initial AWC and Global testimony – January 12, 2009²; Staff responsive testimony – February 2, 2009; and AWC and Global rebuttal testimony – February 13, 2009.

IT IS THEREFORE ORDERED that the above-captioned consolidated dockets shall be scheduled for hearing commencing on February 23, 2009, at 9:30 a.m., at the offices of the Commission, 1200 West Washington, Phoenix, Arizona 85007.

IT IS FURTHER ORDERED that AWC and Global Water shall file initial testimony by no later than January 12, 2009.

IT IS FURTHER ORDERED that Staff shall file responsive testimony by no later than February 2, 2009.

IT IS FURTHER ORDERED that AWC and Global Water shall file rebuttal testimony by no later than February 13, 2009.

IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105, except that all Motions to Intervene must be filed on or before January 12, 2009.

IT IS FURTHER ORDERED that objections to any Motions to Intervene must be filed no later than January 22, 2009.

IT IS FURTHER ORDERED that AWC and Global Water shall provide public notice of the hearing in this matter, in the following form and style, with the heading no less than 10 point bold type and the body no less than 10 point regular type:

**PUBLIC NOTICE OF THE HEARING ON THE COMPLAINT OF ARIZONA
WATER COMPANY V. GLOBAL WATER AND FOR AN EXTENSION OF THEIR
CERTIFICATES OF CONVENIENCE AND NECESSITY TO PROVIDE DOMESTIC
WATER SERVICE IN PINAL COUNTY.**

(Consolidated Docket Nos. W-01445A-06-0200, SW-20445A-06-0200, W-20446A-06-0200, W-03576A-06-0200, and SW-03575A-06-0200, W-01445A-06-0199, SW-03575A-05-0926, W-03576A-05-0926, W-03576A-07-0300, SW-03575A-07-0300, WS-011775A-07-0485, SW-03575A-07-0485, W-02442A-07-0485 and W-03576A-07-0485)

² AWC and Global were directed to supplement their testimony with information regarding the timing of various phases of development in the proposed extension areas, as well as plans in the developments for golf courses, water features, and lakes and regarding the use of reclaimed water for irrigation of turf areas (including golf courses and common areas) within the developments.

On March 29, 2006, Arizona Water Company ("AWC") filed with the Arizona Corporation Commission ("Commission") a Complaint in Docket Nos. W-01445A-06-0200, SW-20445A-06-0200, W-20446A-06-0200, W-03576A-06-0200, and SW-03575A-06-0200 ("Complaint Proceeding") against Global Water Resources, LLC, Global Water Resources, Inc., Global Water Management, LLC, Santa Cruz Water Company, LLC, Palo Verde Utilities Company, LLC, Arizona Global Water – Santa Cruz Water Company and Arizona Global Water – Palo Verde Utilities Company (collectively "Global Water"). Prior to and during the pending Complaint Proceeding, AWC and various Global Water entities filed applications with the Commission to extend their respective Certificates of Convenience and Necessity ("CC&Ns") in Pinal County, including applications where the requested CC&N areas overlapped. The CC&N extension applications were filed in Docket Nos. W-03576A-07-0300, W-01445A-06-0199, SW-03575A-05-0926, W-03576A-05-0926, W-03576A-07-0300 and SW-03575A-07-0300 ("Contested CC&N Proceedings"). On August 20, 2007, Francisco Grande Utilities Company ("Francisco Grande") and CP Water Company ("CP") filed in Docket Nos. WS-011775A-07-0485, SW-03575A-07-0485, W-02442A-07-0485 and W-03576A-07-0485 ("Francisco Grande/CP Water Proceeding") an application requesting approval to transfer their CC&Ns and their assets to Palo Verde Utilities Company and Santa Cruz Water Company. On May 16, 2008, AWC and Global docketed a Settlement Agreement in the Complaint Proceeding (Docket No. W-01445A-06-0200 et al.), which purports to resolve the issues in the Complaint Proceeding, the Contested CC&N Proceedings, and the Francisco Grande/CP Water Proceeding. The dockets referenced above have been consolidated into a single proceeding for purposes of hearing and resolution by the Commission.

The Commission's Utilities Division ("Staff") has not yet made a recommendation regarding the consolidated dockets, and the Commission is not bound by the proposals made by AWC, Global Water, Staff, or any intervenors. The Commission will issue a decision regarding the consolidated dockets following consideration of testimony and evidence presented at an evidentiary hearing. Copies of the complaint and extension applications are available at AWC's and Global's offices [insert addresses] and the Commission's offices at 1200 West Washington, Phoenix, Arizona, for public inspection during regular business hours and on the internet via the Commission website (www.azcc.gov) using the e-docket function.

The Commission will hold a hearing on this matter beginning **February 23, 2009, at 9:30 a.m.**, at the Commission's offices, 1200 West Washington, Phoenix, Arizona. Public comments will be taken on the first day of the hearing. Written public comments may be submitted via email (visit <http://www.azcc.gov/utility/cons/index.htm> for instructions), or by mailing a letter referencing Docket Number W-01445A-06-0200 et al. to: Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007.

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. If you would like to intervene, you must file a written motion to intervene with the Commission, and you must send copies of the motion to the

Company or its counsel, and to all parties of record in the case. Your motion to intervene must contain the following:

1. Your name, address, and telephone number, and the name, address, and telephone number of any party upon whom documents are to be served in your place, if desired;
2. A short statement of your interest in the proceeding (e.g., a customer of the Company, a shareholder of the Company, etc.); and
3. A statement certifying that a copy of your motion to intervene has been mailed to the Company or its counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before **January 12, 2009**. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any person or entity from appearing at the hearing and making a statement on their own behalf.

If you have any questions about this application, you may contact AWC and Global Water at **[insert telephone numbers]**. If you wish to file written comments on the application or want further information on intervention you may contact the Consumer Services Section of the Commission at 1200 W. Washington St., Phoenix, AZ 85007, or call 1-800-222-7000.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator Linda Hogan, E-mail Lhogan@azcc.gov, voice phone number 602/542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

IT IS FURTHER ORDERED that AWC and Global Water shall mail to each property owner or property owner representative in the requested extension areas a copy of the above notice and shall cause the above notice to be published in a newspaper of general circulation in their service territories, with publication and mailing to be completed no later than **December 12, 2008**.

IT IS FURTHER ORDERED that AWC and Global Water shall file certification of mailing and publication as soon as practicable after the mailing/publication has been completed, but not later than **January 12, 2009**.

IT IS FURTHER ORDERED that notice shall be deemed complete upon mailing and publication of same, notwithstanding the failure of an individual property owner to read or receive the notice.

IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules

1 of the Arizona Supreme Court and A.R.S. § 40-243 with respect to practice of law and admission *pro*
2 *hac vice*.

3 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance
4 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the
5 Rules of Arizona Supreme Court). Representation before the Commission includes the obligation to
6 appear at all hearings and procedural conferences, as well as all Open Meetings for which the matter
7 is scheduled for discussion, unless counsel has previously been granted permission to withdraw by
8 the Administrative Law Judge or the Commission.

9 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized
10 Communications) continues to apply to this consolidated proceeding and shall remain in effect until
11 the Commission's Decision in this matter is final and non-appealable.

12 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend or
13 waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at
14 hearing.

15 Dated this 21st day of October, 2008.

17 

18 DWIGHT D. NODES
19 ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

20 Copies of the foregoing mailed/delivered
21 this 21st day of October, 2008 to:

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Secretary to Dwight D. Nodes